

SACHEM CENTRAL SCHOOL DISTRICT

Board of Education

2018-2019 Budget Development

Tax Cap Calculation & a Capital Reserve


An Initial Conversation

January 24, 2018

Kenneth E. Graham, Ed.D., Superintendent of Schools
John J. O'Keefe, Assistant Superintendent for Business
Ron Sacks, School Business Administrator

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SACHEM CENTRAL SCHOOL DISTRICT

Budget Timeline

- February 7, 2018 - Budget Development Meeting #1
- February 28, 2018 - Budget Development Meeting #2
- March 7, 2018 - Budget Development Meeting #3
- March 21, 2018 - Budget Development Meeting #4
- April 11, 2018 - Budget Development Meeting #5
- April 18, 2018 - Budget Adoption Meeting
- May 2, 2018 - Public Hearing
- May 15, 2018 - Annual Election and Budget Vote

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Governor's State Aid Proposal

| AID CATEGORY | 2017-18 ADOPTED BUDGET | 2018-19 EXECUTIVE PROPOSED | CHANGE |
|-----------------------------|------------------------------|----------------------------------|-----------------------|
| FOUNDATION AID | \$ 86,330,198 | \$ 87,071,522 | \$ 741,324 |
| UNIVERSAL PRE-KINDERGARTEN | \$ 599,400 | \$ 599,400 | \$ - |
| BOCES | \$ 4,126,172 | \$ 4,594,036 | \$ 467,864 |
| HIGH COST EXCESS COST | \$ 3,797,058 | \$ 3,893,742 | \$ 96,684 |
| PRIVATE EXCESS COST | \$ 1,422,801 | \$ 1,501,642 | \$ 78,841 |
| HARDWARE & TECHNOLOGY | \$ 181,641 | \$ 180,001 | \$ (1,640) |
| SOFTWARE, LIBRARY, TEXTBOOK | \$ 1,095,440 | \$ 1,060,481 | \$ (34,959) |
| TRANSPORTATION INCL SUMMER | \$ 11,017,516 | \$ 11,809,626 | \$ 792,110 |
| BUILDING AID | \$ 17,193,084 | \$ 11,862,371 | \$ (5,330,713) |
| HIGH TAX AID | \$ 4,022,826 | \$ 4,022,826 | \$ - |
| TOTAL AID | \$ 129,786,136 | \$ 126,595,647 | \$ (3,190,489) |

as of January 16, 2018

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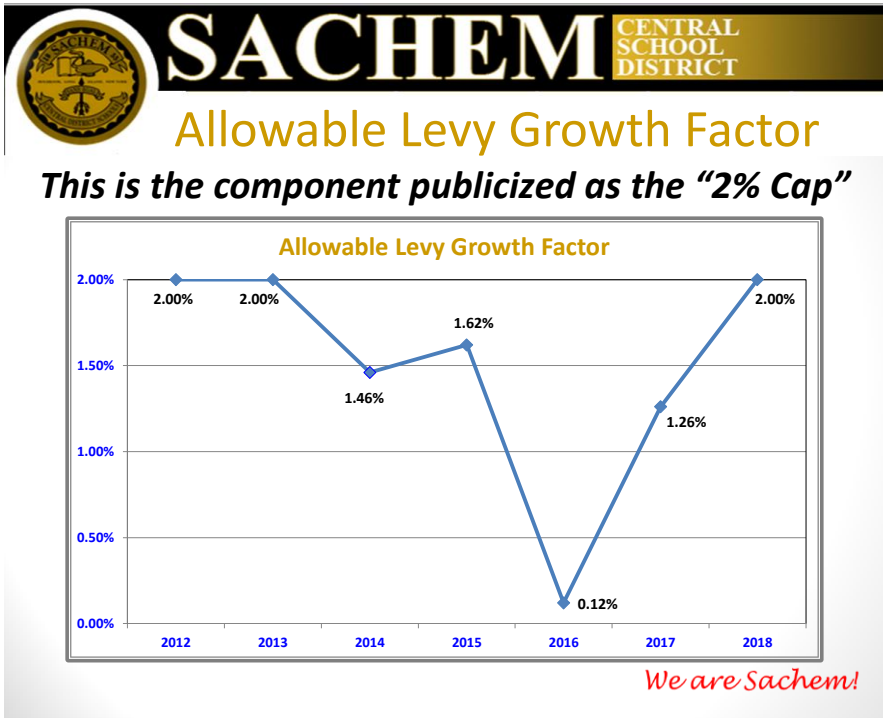
CENTRAL SCHOOL DISTRICT

The "2% Tax Cap"

- **Reminder:** It is not a Property Tax Cap and it is typically not 2%.
 - In fact, it is only a threshold controlling the allowable increase to the Tax Levy.
 - Controlled by factors such as:
 - ❖ **Tax Base Growth Factor** (this year 1.0018)
 - ❖ **Allowable Levy Growth Factor** (Lesser of 2% or CPI-U)
 - ❖ **PILOTS** (Payments in Lieu of Taxes)
 - ❖ **Capital Tax Levy** (Includes: Capital Projects, Building Aid, & Debt Payments)
 - ❖ **TRS and/or ERS Exclusions** (None for 2018 / 2019)

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The Capital Tax Levy

Components That Impact the Capital Tax Levy

- ✓ New Capital Projects
- ✓ School Bus Purchases
- ✓ Changes in Building Aid
- ✓ Changes in Debt Service Payments

An **Increase** in Capital Expenditures **OR**
 a **Decrease** in Building Aid will
Increase the Capital Tax Levy Exclusions,
 as well as the Tax Levy Cap,
BUT the District will Remain Within the "2% Tax Cap"

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The Capital Tax Levy CONT.

Proposed 2018/2019 Capital Expenditures:


| | |
|--|--------------|
| • HS North Pool Pump and Filter | \$ 751,896 |
| • Replace Transportation Fuel Tanks | 726,408 |
| • Waverly Roof Replacement * – Phase I | 623,320 |
| • Six School Buses | 750,000 |
| * Nearly Entire Roof Needs Replacement Total Estimated Cost \$ 3.1M (To be done in phases.) | \$ 2,851,624 |

Calculating the 2018/2019 Change in the Capital Tax Levy:

| | |
|--|---------------------|
| ➤ Changes in Proposed Capital Expenditures | \$ 1,294,858 |
| ➤ Changes in Debt Service | 787 |
| ➤ Changes in State Building Aid | 5,062,268 |
| Total Change: | \$ 6,357,913 |

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POTENTIAL 2018/2019 Tax Levy*


| | |
|--|------------------------------|
| 2017 / 2018 Tax Levy | \$ 177,007,200 |
| ❖ Tax Base Growth Factor (1.0018) | 318,613 |
| ❖ Allowable Levy Growth (2.00%) | 3,473,973 |
| ❖ TRS/ERS Exclusions | 0 |
| ❖ Change in PILOTs | 0 |
| ❖ Change in Capital Tax Levy | 6,357,913 |
| <u>2018/2019 Potential Tax Levy</u> | <u>\$ 187,157,699</u> |

This Represents an \$10,150,499 or a 5.73% Increase to the Tax Levy and is
Within the "2% Tax Cap" Only Requiring a Simple Majority Vote.

*The Capital Tax Levy, and therefore the Tax Levy, are still subject to change once finalized State Building Aid numbers are released and if there are changes to proposed Capital Expenditures.

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POTENTIAL Capital Reserve

- ✓ Authorized under Ed. Law §3651
- ✓ A component of Fund Balance Plan adopted October 2017
- **Funding Methods** – Voter approval is required to establish and initially fund this reserve. This reserve would be funded entirely from operating surplus via an annual Board resolution.
- **Use of Reserve** – Use of this reserve requires voter approval. The proposition to use these funds must be specific to a set of projects and dollar amounts.
- **Funding Level** – A maximum funding level and reserve duration is also established with voter approval.
 - For example, a reserve with a maximum limit of \$10,000,000 with a five to ten year lifecycle would be appropriate for a district of our size.

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Continuing the Conversation ...

The First Budget Workshop is
Scheduled for
Wednesday, February 7, 2018
"Non-Instructional Areas"

Additional Discussions
February 28th , March 7th & 21st, April 11th

Budget Vote
Tuesday, May 15, 2018
At your local Elementary School*
(Ten Active Buildings Only – No Voting at Tecumseh or Gatelot)

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